

Message Text

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DRAFTED BY ARA:CBJACOBINI

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FM SECSTATE WASHDC

TO AMEMBASSY SAN SALVADOR IMMEDIATE

C O N F I D E N T I A L STATE 233699

FOR ASSISTANT SECRETARY SHLAUDEMAN FROM LUERS

BOLLOING REPEAT LIMA 8564 ACTION SECSTATE 21 SEP 76

QUOTE

C O N F I D E N T I A L LIMA 8564

PLEASE PASS SECRETARY FROM MAW

E.O. GDS

TAGS: BDIS, EINV, PFOR, PE

SUBJECT: MARCONA SETTLEMENT

1. SUBJECT APPROVAL TUESDAY BY COUNCIL OF MINISTERS AND SUBSEQUENT RATIFICATION BY DECREE LAW WE HAVE REACHED SETTLEMENT MARCONA NATIONALIZATION AND RELATED ITEMS FOR PRESENT VALUE IN EXCESS 60 MILLION DOLLARS COMPRISING 37 MILLION DOLLARS CASH NOTE PAYABLE OUT OF BALANCE OF PAYMENTS FINANCING EXPECTED TO BE CONCLUDED WITH NEW YORK BANKS WITHIN NEXT MONTH, SALES OVER FOUR YEARS OF 3,740,000 TONSPELLETS AT PRICES RANGING 18 TO 23 DOLLARS PER TON, SALES CONTRACT HAVING VALUE OF APPROXIMATELY 22 MILLION DOLLARS, FORGIVENESS OF 3.6 MILLION DOLLARS INTRA-COMPANY INDEBTEDNESS, AND TWO MILLION DOLLARS ALREADY EARNED UNDER EXISTING FREIGHT CONTRACT.

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2. EXPECTATION IS THAT COVERING INTER-GOVERNMENTAL AGREEMENT, PROMISSORY NOTE AND SALES CONTRACT WILL BE SIGNED 22 SEP WITH PRELIMINARY ANNOUNCEMENT OF SETTLEMENT THAT DATE BUT WITHHOLDING DETAILS UNTIL RATIFICATION AND ISSUANCE NEW DECREE LAW BY COUNCIL OF MINISTERS FOLLOWING TUESDAY (28 SEPTEMBER). WE HAVE IN HAND MARCONA'S

APPROVAL.

3. I HAVE ASKED HARRY SCHLAUDEMAN TO JOIN ME WEDNESDAY IF POSSIBLE FOR FINAL SIGNING AND DISCUSSIONS PRIME MINISTER AND FOREIGN MINISTER BEFORE I RETURN NEW YORK WEDNESDAY EVENING OR THURSDAY.

4. ANNOUNCEMENT TEXTS WILL BE FORWARDED DEPT AS SOON AS CLEARED WITH GOP FOR SIMULTANEOUS RELEASE WASHINGTON AND LIMA.

DEAN

UNQUOTE

ROBINSON

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